

2/1/79 [2]

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THE WHITE HOUSE
WASHINGTON

Breakfast

2-1-79

See msg

Dayan/Khazil → Wash

Fahd - Yomani

Nicaragua

Gilligan → SecSec (Arly no)

Iran - US personnel out

714 @ Isfahan & Phoenix

OMB/DoD re Iranian TMS

David Owen

M7N = Stevenson

Thank Botha

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Long

2-1-79

Panama. MEast. Turkey

Oil pricing

Carry over basis

Sugar

Welfare

RW1

CVD - MTN

Health

Hosp Cost

Soc Sec

VAT

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Stone

2-1-79

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THE WHITE HOUSE
WASHINGTON

2/1/79

Jerry Rafshoon

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

ACTION
FYI

FOR STAFFING
FOR INFORMATION
FROM PRESIDENT'S OUTBOX
LOG IN/TO PRESIDENT TODAY
IMMEDIATE TURNAROUND
NO DEADLINE
LAST DAY FOR ACTION

ADMIN CONFIDENTIAL
CONFIDENTIAL
SECRET
EYES ONLY

VICE PRESIDENT

JORDAN

EIZENSTAT

KRAFT

LIPSHUTZ

MOORE

POWELL

RAFSHOON

WATSON

WEXLER

BRZEZINSKI

MCINTYRE

SCHULTZE

ADAMS

ANDRUS

BELL

BERGLAND

BLUMENTHAL

BROWN

CALIFANO

HARRIS

KREPS

MARSHALL

SCHLESINGER

STRAUSS

VANCE

ARAGON

BUTLER

H. CARTER

CLOUGH

CRUIKSHANK

FALLOWS

FIRST LADY

GAMMILL

HARDEN

HUTCHESON

LINDER

MARTIN

MOE

PETERSON

PETTIGREW

PRESS

SANDERS

VOORDE

WARREN

WISE

Call
Becky

THE WHITE HOUSE

WASHINGTON

January 31, 1979

*Notes insensitive -
Check Eragon.*

*Mexico is valuably,
strong, independent -
world power - etc.*

MEMORANDUM FOR THE PRESIDENT

FROM: JERRY RAFSHOON

SUBJECT: Mexico Speech



In your principal address in Mexico, the NSC staff hopes that you will make these basic points:

- ok* → 1. The nature of the relationship between Mexico and the United States must not be imposed from Washington. It must be the product of an honest dialogue. *Recognize greatness of Mexico, people, culture, econ, history. Emphasize That we are equals.*
2. From the Mexican perspective, the history of relations between the U. S. and Mexico is, for the most part, unfair and exploitative. There is an historical pattern of American condescension and Mexican resentment that we must overcome as our relationship develops in the direction of mutuality and equality. *no importance to U.S. of good relations.*
3. Our destinies are interconnected. This is increasingly true as the number of Americans of Mexican descent and of Mexicans living in the U.S. increases.
4. In the two years since President Lopez Portillo became the first head of state to visit the White House during your Presidency, we have recorded numerous accomplishments, including:

- the Consultative Mechanism established during his visit;
 - the Civil Aviation agreement;
 - the exchange of prisoners treaty;
 - treaties on maritime boundaries, fisheries, and extradition;
 - increased consultation on many international issues.
- ok*

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*Cover energy - Use
my press conference
remarks as basis -*

5. We are now expanding our technical cooperation on housing, arid crop development, and scientific research. *ok*

6. Our common agenda for the future includes such difficult problems as trade, migration, narcotics, energy, and border cooperation. (A paragraph or more on each.) *ok*

7. Our future relationship must be based on systematic consultations, so as to provide a framework for managing difficult moments and resolving temporary and long-term problems. *ok*

8. If we work together -- with respect and care for each other -- the future can be one in which barriers to trade are reduced; illegal migration has ceased but legal migration is heavy in both directions; our countries are increasingly bilingual; our economists and planners will work together; our scientific communities contribute to each other, and Mexico becomes a major purveyor of appropriate technology to the developing world. *ok, but preserve Mex heritage*

#

A speechwriter will be going to Mexico with the advance team to consult with embassy people and Mexican opinion leaders. He will prepare a revised outline for your consideration early next week. That outline would also incorporate any input we receive from you in response to this memo.

*Mexico as growing international power -
a force for peace, prosperity in hemisphere*

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THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

February 1, 1979

EYES ONLY

MEMORANDUM FOR THE PRESIDENT

FROM: Charlie Schultze ^{CLS}

SUBJECT: Employment and Unemployment in January

Tomorrow (Friday, February 2) at 9:00 a.m. the Bureau of Labor Statistics will release its estimates of employment and unemployment in December. Employment rose strongly again last month, and the unemployment rate declined from 5.9 percent in December to 5.8 percent in January.

Total employment, as measured by the household survey series, increased 445,000 in January. Most of the increase was among adult males, especially blue-collar workers. The civilian labor force also rose considerably, by 316,000, so that the unemployment rate fell only a little, to 5.8 percent. For blacks, the unemployment rate fell to 11.2 percent (from 11.5 percent in December), largely because of a decline in the labor force. The decline in the labor force and in unemployment for blacks may well be reversed next month.

The payroll series on employment, which measures the number of persons on the payrolls of all nonfarm establishments, showed a gain of 325,000 for the month. Large increases occurred in both retail trade and manufacturing. Aggregate hours worked at nonfarm establishments declined a little, however, because of a shortening in the average workweek outside of manufacturing. The figures on hours worked in nonmanufacturing firms are unreliable, however, and this decline may be a statistical aberration.

Average hourly earnings rose .9 percent in January. This is a large increase that reflects the 9-1/2 percent rise in the minimum wage that went into effect on January 1. The year-over-year rise (January 1978 to January 1979) in average hourly earnings is 7.9 percent.



These employment data suggest that a good deal of the momentum of the fourth quarter has carried over into January. As yet, we can find only fragmentary evidence developing of the slower pace of economic expansion that everyone expects this year.

MEMORANDUM

THE WHITE HOUSE
WASHINGTON

12:00 PM
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for Preservation Purposes

January 31, 1979

MEETING WITH GOVERNOR AND MRS. NIGH OF OKLAHOMA

Thursday, February 1, 1979
12:00 p.m. (1 hour)
The Oval Office for Lunch

From: Sarah Weddington

I. PURPOSE

To make the Governor realize what an important role he plays in the ERA issue and how very important it is.

Ask his advice on how best we can ratify Oklahoma.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: Governor Nigh and his wife, Donna, have been supportive of ERA for years, but as Governor he can be extremely instrumental in delivering the House; therefore, he is a very critical part of the overall strategy for Oklahoma.

The Legislature is now in session and will be through May.

Governor Nigh was Lt. Governor for 16 years. He endorsed you in December 1975. He is a traditional Democrat - loyal to the party - Southern Baptist - you saw him at the Southern Baptist convention and you spoke of farm issues.

He is interested in industrial development-tourism and the Federal energy package. He is working on the Will Rogers Centennial; he is chairman of a 21-state Drought Task Force. At his State of the State address, he said the following about ERA:

"I strongly support equal rights for all which can best be served by the ratification of the ERA."

His wife, Donna, is strong minded, interested in problems of aging.

- B. Participants: Governor George Nigh and Donna Nigh

- C. Press Plan: White House Photographer

III. TALKING POINTS

You know he can play a big role in delivering the votes and you want to know what he suggests is the best way in which this can be done. Is there anything the White House can do to help?

2:15 PM

THE WHITE HOUSE

WASHINGTON

January 31, 1979

MEETING WITH SENATOR RUSSELL LONG

Thursday, February 1, 1979
2:15 p.m. (30 minutes)
Oval Office

From: Frank Moore *f.m. / d.b.*

I. PURPOSE

To discuss legislation which will come up before the Senate Finance Committee this session.

II. BACKGROUND, PARTICIPANTS & PRESS PLAN

- A. Background: On January 17th, Stu and I met with Senator Long for 1 1/2 hours and discussed issues of importance to the Administration. He was extremely receptive and hospitable. He exuded a sense of cooperation. As you know, he is up for reelection in 1980 and is consumed by his desire to build a strong record in 1979. Admittedly, his priorities and ours may not always coincide, but he was anxious to give us advice about how we should proceed and to let us know his views on matters of mutual interest.

Senator Long likes you personally and believes that you as President are trying to do what you feel is best for our country. He wants to be supportive and he often refers to his assistance, at considerable political costs, on matters such as the Panama Canal Treaties, the Middle East plane sales, and the Turkish arms embargo. (While he would never admit so publicly or privately, he did not pull out all of the stops in opposing the natural gas conference report.) Of course, his support and his interest in seeing you succeed are not rooted in altruism -- he must run with you in 1980, and he sees that if you are not politically strong, the entire ticket will suffer. Additionally, he has a keen political dislike for Ted Kennedy and truly he despises the thought of Senator Kennedy ever becoming President. Senator Long would like nothing more than to form a "combine" with you in the Senate to forward whatever mutual interests you have.

We believe that the new members (Baucus, Bradley, Boren, Heinz, Chafee, Wallop and Durenberger) added to Senator Long's committee make that body more pro-Administration. Therefore, we have a better chance of prevailing on various Administration initiatives within the committee's jurisdiction this year than we did during the 95th Congress.

- B. Participants: The President
Senator Russell B. Long (D-La)
Frank Moore
Stuart Eizenstat

- C. Press Plan: White House Photo only.

III. TALKING POINTS

- A. Oil Pricing: Senator Long recommended that you deregulate crude oil prices and then ask for an excess profits tax. He said that you should not make deregulation contingent on a tax or liberals would fight the tax to block deregulation. He suggested that the Administration negotiate in advance an arrangement with the industry in which you deregulate if they support your tax package. He wants to plow back the revenues from the tax into more oil exploration.

Senator Long knows that the Administration has a tax on crude oil (an excise or severance tax) under consideration as one of the options for the Administration's domestic crude oil pricing policy. We do not know if he could support such a tax since in the past he has favored profits-based tax over an excise tax. (Treasury believes that it would be very difficult to design and administer an effective workable tax based on excess profits since accounting practices and opportunities to "hide" profits are so highly variable.)

In addition to acknowledging that a tax is one of the approaches being considered, you might want to probe further to determine Senator Long's specific concerns with the shape or design of a tax. It would also be helpful to gain some understanding from him about the scheduling possibilities for hearings and markup, if a tax were proposed in mid to late March.

B. Tax Legislation

1. Carry-over Basis: Senator Long believes that we have little chance of winning on this issue. He has a relatively open mind but believes that the momentum for repeal is practically irreversible. The strong proponent of repeal on the Finance Committee is Harry Byrd of Virginia whose Subcommittee on Taxation and Debt Management will hold hearings on the carry-over issue in March. You may find it useful to apprise Senator Long of your views on the need to retain the fundamental carry-over basis rules with an eye toward securing his assistance in moderating any changes in the law. Undoubtedly, he will point out that the political incentive for repeal is generated by people who are extremely wealthy and influential with their Senators and that there is no strong constituency opposing repeal. (You may not want to mention this to Senator Long, but Rep. Conable has privately advised Treasury that he does not think that the votes for repeal are there in the House -- so we may ultimately be able to sustain our position in the Congress.)
2. Tax Simplification: Senator Long expressed a desire for a tax simplification bill which would put floors under the individual deductions to move people over to the standard deduction, and wanted an overall tax cut to sweeten this.

- C. Sugar: This is Senator Long's highest priority and the only specific issue on which he has ever asked for Administration concessions. This is intensely important to Long in Louisiana (his domestic Panama Canal Treaties). As you recall last year we reached an agreement with Senator Long, offering him either a 2 or 3 year bill. The figures below show the options we referred to him:

	1978	Oct-Sept Crop Year		1980
		1979		
		c/lb., raw, N.Y.		
1. Market Price	15.00	15.50		16.00
Payment	0.75	1.00		1.00
Total	15.75	16.50		17.00
2. Market Price	15.00	15.80		
Payment	0.75	0.82		
Total	15.75	16.62		

The industry countered with the following proposal, which reflected their objection to the payments approach which was at the heart of our proposal:

Market Price	15.25	16.12	17.03
Payment	0.50	0.50	0.50
Total	15.75	16.62	17.53

What finally emerged from the conference, with our approval and support, was the following:

Market Price	15.00	15.80	+1% each year
Payment	0.75	--	--
Total	15.75	15.80	15.96

The measure passed the Senate with Administration help, but failed in the House largely because various elements of the sugar industry deserted Long.

This year, the Senator is urging that we agree to support similar legislation; however, he has adjusted the market price for inflation and wants a 3 year bill. Our experience with Long indicates that he has been reasonable in his negotiations with us, always acting in good faith and ultimately "walking away from" his constituents if he is satisfied that he has negotiated the best possible agreement. If Long has a price for his continued legislative good will, the price is satisfactory sugar legislation or certainly the perception that we are attempting to accommodate his political needs in this matter. There is a difference of opinion among your advisers as to the best way to proceed. Our offices are continuing to try to resolve those differences with the firm view that accommodating Long on this single issue will win substantial concessions from him on other major initiatives.

- D. Welfare Reform: Senator Long is interested in our scaled-down welfare revision plan and believes that the broad outlines of our proposal are more in line with what he and his committee feel needs to be done. Certainly, he personally believes that more stringent work requirements should be incorporated, but he has not dismissed our proposal out of hand. The Senator will rely heavily on Senator Moynihan to work on welfare reform.
- E. Real Wage Insurance: Senator Long has not focused on this proposal. He is waiting for the Ways and Means Committee to act and doubts that the program will pass the House. You could indicate that if Real Wage Insurance gets to the Finance Committee, you will be depending on his support.

- F. MTN: Ambassador Strauss has been talking, from time to time, with Senator Long and Senator Ribicoff who are his close personal friends. Bob is counting heavily on strong assistance from Long and Ribicoff in getting through the CVD legislation and the MTN agreement. He asks that you reinforce with Senator Long the absolutely crucial role the Chairman will play in moving the CVD bill through the Senate promptly after the House acts and without crippling amendments such as last years Hollings textile amendment. Without extension of our CVD waiver authority, Strauss will not be able to conclude successfully his Geneva negotiations and, of course, Congress will not have adequate opportunity to consider whatever agreement comes out of Geneva.
- G. National Health Plan: Senator Long appears to be enthusiastic about the chances of enacting a catastrophic program. He believes that passage of such a plan will permit those elected officials running in 1980 to go to the people and show them that the government has been responsive to their most pressing health care needs. He delights in pointing out that 9 of the 10 major horror stories cited by Senator Kennedy as evidence for the need for a comprehensive plan would be taken care of under the Long-Ribicoff catastrophic approach.
- H. Hospital Cost Containment: The Senator's only comment on this subject was that he expected that the Senate would probably pass legislation similar to the Nelson Amendment which was adopted last year. He said that what the Senate passed last year was good enough for this year. However, we doubt that Senator Long has fully focused on this issue and we strongly believe that passage of any cost containment bill will be more difficult than his comment indicated. With Senator Talmadge's absence from the Senate for an indefinite period, Senator Long becomes even more of a key on this issue which will be among the first considered by the committee. We believe that he should be approached with the argument that the Nelson Amendment is simply the logical extension of the Talmadge cost containment bill to all 3rd party payors, not just medicare and medicaid.

Hospital cost containment is the largest legislation savings proposal in the FY 80 budget. It is essential to the anti-inflation effort since it both reduces the deficit (savings of \$1.7 billion in 1980) and restrains hospital cost increases, one of the fastest escalating portions of each family's budget. Cost containment is a prerequisite to your pledge to expand health insurance coverage and is your number one priority for health legislation in the 96th Congress.

- I. Social Security Cost Reduction: Chairman Long is not adverse to weeding out unnecessary and outmoded aspects of the social security program. In fact two years ago his committee initiated social security cuts amounting to hundreds of millions of dollars. Neither he nor his staff has been specific about the cost reductions they believe are necessary or attainable, but both are approachable on the subject. The Senator will readily see social security cost reductions as a way of avoiding the need for a huge tax increase and, of course, he would for the same reason be willing to consider such things as universal coverage. At this time, he feels strongly about the need for a value added tax to finance social security.

Reforms to social security benefits payments comprise the second largest legislative savings proposal in your FY 80 budget. This is the biggest single program in the budget and is one of the fastest growing programs. We cannot exempt social security from budgetary scrutiny because otherwise discretionary programs must bear an unfair share of the cuts.

Our proposals will save about \$600 million in 1980, growing to over \$4.2 billion in 1984. These savings will reduce the deficit and also strengthen the financial soundness of the social security trust funds.

The social security proposals are programmatically sound. They do not attack the integrity of the system as a contributory insurance and retirement program. They do propose to reduce benefits where those benefits are better covered by other programs, e.g. death benefits under SSI, student benefits under BEOGS.

The cost savings from our proposal can be used to reduce payroll taxes, reduce the deficit, or fund other programs.

Part of our proposal involves disability insurance reform, which we would like to see enacted either as a separate measure or in tandem with the other elements.

OFFICE OF THE SPECIAL REPRESENTATIVE
FOR TRADE NEGOTIATIONS

EXECUTIVE OFFICE OF THE PRESIDENT

WASHINGTON

20506

January 31, 1979

MEMORANDUM TO: Frank Moore
Office of Congressional Liaison

FROM: Richard Rivers
General Counsel

RICHARD RIVERS

SUBJECT: Talking Points For The President's
Meeting Tomorrow With Senator Long

Following is draft language for inclusion in the President's briefing paper for his meeting with Senator Russell Long:

(1) Long may assert that the subsidies code, negotiated by Bob Strauss, will prevent the United States from adopting a value-added tax (VAT). The code contains language prohibiting the rebate upon export of "social welfare charges paid or payable by industrial or commercial enterprises," but this in no way will prevent the rebate of a VAT linked to Social Security Trust Funds or to national health insurance. This language has been the international rule for twenty years or more and bars the rebate of Social Security taxes or workman's compensation charges. It does not bar the rebate of a VAT. The present rule, which permits the rebate of VAT, would be preserved under the new code.

(2) Senator Long may also inquire about the status of DISC under the subsidies code. The DISC has been found by a GATT panel to be a violation of present U.S. obligations. The code does not alter the legal status of the DISC, under the GATT or under U.S. law. The Administration will not recommend the repeal of DISC as part of the legislation implementing the Multilateral Trade Negotiations.

THE WHITE HOUSE
WASHINGTON

2/1/79

Jim McIntyre

The attached was returned in the President's outbox today and is forwarded to you for appropriate handling.

Rick Hutcheson

cc: The Vice President
Frank Moore
Jack Watson
Richard Pettigrew

FOR STAFFING

FOR INFORMATION

FROM PRESIDENT'S OUTBOX

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IMMEDIATE TURNAROUND

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~~submitted to Pettigrew.~~
Call Terry Schaub



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

JAN 25 1979

MEMORANDUM FOR THE PRESIDENT

FROM: James T. McIntyre, Jr. *Jim*
SUBJECT: Legislation to Establish a Cabinet Department of Education

This memorandum requests your decisions on the programmatic content of the Administration's legislative proposal to establish a Department of Education.

We came close to passing the Department of Education legislation last year. The Senate approved the measure by a 72-11 vote, and the bill cleared the House Government Operations and Rules Committees. Although a majority of members of the House supported the bill, a vocal group of opponents prevented it from reaching the floor during the final, hectic days of the session.

Your 1979 legislative agenda includes the Department of Education bill as a priority. A legislative task force has been set up under the guidance of Frank Moore's office to carry out a day-to-day strategy for getting the bill passed.

The debate on the Department of Education last year centered almost exclusively on the program transfers with the loudest voices opposing transfers such as Head Start. This year, however, with the possibility of a pared down proposal, we expect the debate to shift to a more intense discussion of the case for a Department: the benefits of greater public visibility, increased access to the President, increased accountability, better coordination and management improvements resulting in cost savings. Making this case forcefully will be essential since we expect substantial opposition to the Department on the grounds that it will increase bureaucracy and expenditures, be dominated by narrow elementary and secondary school interests, and expand Federal control over what is primarily a State and local function.

In early October, Senators Ribicoff, Williams, Pell and Magnuson wrote to you and stated their intention to introduce a bill early in the session. Senator Ribicoff plans to make this the first item of business for the Governmental Affairs Committee and expects to hold hearings early in February. The leadership of Senator Ribicoff and a large number of cosponsors should result in passage again this year by a wide margin.

Congressman Brooks prefers that the Administration submit its own bill, which he will introduce and manage. He is concerned about the opposition in his Committee, since the Committee discussions during the mark-up last summer were quite heated and divisive. Despite the likelihood of delaying tactics in committee and on the floor and the general lukewarm interest in the House, we think that the bill will pass, if the Administration demonstrates that it is a high priority. (A more detailed description of the political climate relating to the Department of Education is presented at Tab A.)

Themes of the Department

The basic purposes of the new Department should be:

1. To continue and strengthen the Federal commitment to ensuring equal educational opportunity for every American.
2. To promote improvements in the quality and utility of education available to every American.
3. To improve the management of Federal education activities.
4. To promote an effective partnership among Federal, State and local governments and private institutions in education matters.

The Administration's Proposal

The Senate-passed bill and the bill approved by the House Government Operations and Rules Committees last year were considerably leaner than the original Ribicoff and

Administration bills. In the Senate, Head Start, child nutrition and the Indian education programs were deleted. In addition to deleting these programs, the House also dropped the National Science Foundation science education programs. The Vocational Rehabilitation program was added in both the House and the Senate. A more complete comparison of the versions of the bill, including the Administration's proposal last year, is included at Tab B.

In order to gain passage, we believe that we must modify our proposal to resemble the Senate-passed Department of Education bill. Senator Ribicoff's bill this year will be essentially the same as the Senate-passed version. He believes, and so do we, that we should create the Department with a core of education programs largely from HEW and bring in other related programs by reorganization or legislation later. The Vice President, Stu and Frank Moore agree that this is the best strategy.

We recommend that the Department of Education proposal include:

<u>Programs</u>	<u>FY 1979 Budget Authority (\$ in thousands)</u>
HEW Education Division Programs	\$12,363,259
Elementary and Secondary Programs	
Higher Education Programs	
Educational Development Programs	
(Special Projects and Demonstrations)	
Office for Civil Rights Education-Related Activities, HEW	69,427
Telecommunications Nonbroadcast Demonstration Program, HEW	1,000
USDA Graduate School	No appropriation
Special Institutions	178,757
Howard University	
Gallaudet College	
American Printing House for the Blind	
National Technical Institute for the Deaf	
National Science Foundation Science Education Programs	58,700
Department of Defense Overseas Dependents' Schools	361,000
College Housing Loan Program, HUD	No new appropri- ation recommended
Special Student Loan Programs, HEW	41,500
Nursing Loans and Scholarships	
Health Professions Direct Student Loan Program	
Student Assistance Programs, Department of Justice	
Law Enforcement Education Program	25,000
Law Enforcement Internship Program	250
Migrant Education, Department of Labor	6,500
Total Budget Authority	\$13,105,393*

*This total does not include the vocational rehabilitation program since we recommend that decisions on this transfer be left open pending further congressional consultations. If the vocational rehabilitation program is included, certain additional Office for Civil Rights activities would be transferred. In addition, this figure does not include HEW overhead positions which would be transferred to the new Department.

The total budget of the proposed Department of Education, approximately \$13 billion, will be larger than five other Cabinet departments. A comparison of Cabinet departments is attached at Tab C.

We would like your guidance on four program transfers. ~~Three~~ of these programs were included in our proposal last year. We have summarized briefly the agency comments on these transfers. The complete agency responses are included at Tab H.

Recommendations for Decision

1. National Science Foundation Science Education Programs

The National Science Foundation (NSF) Education Directorate supports several graduate level training, faculty and curriculum development programs and other projects designed to improve and promote science education in elementary and secondary schools and in undergraduate institutions, or to reach the general public on a range of scientific issues. These include summer institutions for teachers, talent searches for high school students and undergraduate institutional support programs. (The NSF Education Directorate also supports several graduate research and training programs which we do not recommend for inclusion.)

The inclusion of these programs in the Department of Education would:

- ° Facilitate support and outreach for science education programs in elementary and secondary schools and undergraduate institutions.
- ° Not affect the authority of NSF to support innovative front end programs in any area of science education.

The disadvantages of the transfer are that it would:

- ° Reduce the involvement of academic and scientific resources which may be more readily tapped by NSF in improving education programs.

- ° Be opposed by many in the scientific and higher education communities who have a high regard for NSF and its management and who fear that the programs that are transferred would not fare well in the new Department.

In the Senate, several amendments by Senator Schmitt to delete these programs were defeated on the floor; but the House Government Operations Committee accepted an amendment by Congressman Fuqua not to transfer NSF science education programs to the Department.

Senator Ribicoff will include the science education programs in his bill. We believe that with more concerted advocacy and with the assistance of Frank Press (who supports our recommendation), we can reverse last year's removal of the science education programs by the House Committee.

A more complete discussion is at Tab D.

The NSF opposes the transfer of the science education programs. The NSF argues that the science education programs are an integral part of the NSF and that these programs require a level of attention best provided by a science oriented group.

OMB RECOMMENDS THE INCLUSION OF THE SCIENCE EDUCATION PROGRAMS OF THE NATIONAL SCIENCE FOUNDATION.

DPS CONCURS.

Approve ✓

Disapprove ✓

2. Indian Education

The Federal Government spends more than \$500 million annually for the education of Indians, Alaskan Natives and Aleuts. These expenditures are almost equally divided between programs administered by the Bureau of Indian Affairs (BIA) of the Interior Department and those operated by HEW's Office of Education.

The advantages of the transfer are that it would:

- ° Lead to comprehensive and consistent policies for Indian education.
- ° Permit more coordinated efforts to administer program requirements and provisions.
- ° Improve the quality of education programs for Indians.

The disadvantages of the transfer are that it would:

- ° Be opposed by most Indian tribes and organizations because they fear that it is the first step in dismantling the BIA and "terminating" the special relationships between the tribes and the Federal Government.
- ° Consequently be seen by the tribes as violating your stated position that "Indian people" should be able to make their own decisions, including those concerning the operation of Indian schools.

In addition, there were criticisms last year that the decision to transfer these programs to the Department of Education was made without adequate consultation with the tribes.

Last year the BIA Indian education programs were deleted from the legislation in both Houses despite efforts to generate support by Senators Abourezk and Domenici. Senator Stevens, the primary opponent in the Senate, has indicated that he will work even harder this year to defeat the measure.

Senator Ribicoff will not include the Indian education programs in his proposal. He is considering taking the position that after further study and consultation with the tribes, the Indian education programs might be transferred to the Department by reorganization plan or legislation.

A more complete discussion is at Tab E.

The Department of Interior believes that a decision regarding the Indian education programs should be deferred until adequate consultations with the Indian tribes and organizations (and involving BIA) have taken place. They estimate that this will take one year. OMB believes that this can be completed in four to six months.

OMB BELIEVES THAT THE INDIAN EDUCATION PROGRAMS OF THE DEPARTMENT OF INTERIOR SHOULD BE TRANSFERRED TO THE DEPARTMENT OF EDUCATION AT SOME POINT. BUT, OMB RECOMMENDS THAT THE PROGRAMS NOT BE INCLUDED IN THE BILL AT THIS TIME. YOU SHOULD ANNOUNCE PUBLICLY THAT YOU WILL MAKE A DECISION AFTER EXTENSIVE CONSULTATIONS WITH INDIAN TRIBES AND ORGANIZATIONS.

DPS CONCURS.

Approve ✓

Disapprove

inclined yes
J

3. Child Nutrition Programs

The Department of Agriculture (USDA) administers several child nutrition programs: the National School Lunch Program, the School Breakfast Program, the Special Milk Program, the Child Care Food Program and the Summer Food Service Program. These programs, which are administered through State departments of education, subsidize the service of meals to children in schools, day care centers, orphanages, summer camps, etc.

The advantages of including these programs in the Department are that it would:

- ° Emphasize the importance of adequate nutrition to the achievement of education goals.
- ° Increase opportunities for simplification and standardization of administrative requirements among child nutrition and education programs. Most education and child nutrition programs are administered through State Departments of Education.

The disadvantages of the transfer are that it would:

- ° Narrow the mission of the USDA in a way that might result in producer concerns dominating consumer interests.
- ° Exacerbate the concern among Agriculture's constituency that this is a step toward dismantling the Agriculture Department.
(This would be especially damaging if you choose to go ahead with other transfers from Agriculture to a Natural Resources Department and Development Assistance Department.)

Next to Head Start, the child nutrition programs were the most controversial element in the Department of Education proposal. Senator Percy marshalled the opposition and the programs were dropped from the Senate bill in floor action. The programs were also dropped by the House Government Operations Committee.

Cognizant that there is no chance of approval, Senator Ribicoff is not including the feeding programs in his bill, but he plans to discuss with Senators McGovern and Percy the possibility of including nutrition education.

A more detailed discussion is attached at Tab F.

USDA opposes the inclusion of these programs because the transfer would be inconsistent with other reorganization proposals designed to strengthen USDA's role in nutrition policy.

OMB RECOMMENDS AGAINST THE INCLUSION OF THE CHILD FEEDING PROGRAMS.

DPS CONCURS.

Approve ✓

Disapprove ✓

4. Vocational Rehabilitation

The \$870 million Vocational Rehabilitation (VR) program is administered by HEW's Rehabilitation Services Administration in the Office of Human Development Services. VR provides a range of

services -- counseling, training, medical, maintenance and supportive -- designed to enable handicapped individuals, primarily over age 16, to begin or return to work.

The Federal Government makes funds available on a matching basis to States which administer the program according to State prepared plans for VR services. The organizational placement of the program at the State level varies considerably: 12 programs are in independent agencies; 17 in education departments; and 26 in agencies combining two or more other human services programs. States use roughly half of these funds to provide personal counseling, guidance and placement and to support rehabilitation. Twenty percent of the funds support training, 12 percent medical restoration, 9 percent diagnosis and 10 percent various supportive services.

Last year, when you decided the programmatic content of the Department of Education, you were not presented with a decision on whether to include VR. At that time, this program was not a part of the Ribicoff bill. Because VR has a substantial relationship to disability, income maintenance and health programs in HEW, we did not suggest it as part of our original proposal.

*Still good
points to
remember*

The VR program was added to both the House and Senate bills last year with overwhelming support in both committees. Both bills combined VR and the Education for All Handicapped Children program in one office in the Department of Education. All of the major groups representing the handicapped lobbied actively for this transfer and will be very active and influential supporters of the Department of Education this year if it includes VR. These groups perceive a great value in closely relating technical assistance and services available under VR to the schools that are implementing the new Education for All Handicapped Children Act. The budget for Education for the Handicapped program totals \$976 million. Congressman Brademas strongly supports the inclusion of VR as do Senators Ribicoff, Randolph and Byrd in the Senate where the Governmental Affairs Committee included the VR programs by a unanimous vote.

The advantages of locating the VR program and the Bureau for the Education for the Handicapped in one office in the Department of Education are that it would:

- ° Result in significant opportunities for better utilizing VR resources in the schools. The Education for All Handicapped Children (PL 94-142) program requires that elementary and secondary schools provide an adequate education for all handicapped children. The program funds support services to meet this objective. Many of the same support services are funded by VR.
- ° Facilitate better coordination of VR education and training and student assistance programs. A 1977 GAO report stated that VR agencies were not taking full advantage of educational benefits in the Office of Education, such as vocational education and student assistance programs.
- ° Meet your commitment to a single agency for major programs for the handicapped.

The disadvantages of the transfer of VR to the Department of Education are that it would:

- ° Sever important ties with income maintenance, health and social services programs at the Federal, State and local levels.
- ° Compromise any HEW efforts to coordinate and improve the management of Federal disability programs and to develop a comprehensive Federal policy on disability.
- ° Put two programs together that do not serve the same age groups. The VR program serves handicapped individuals over age 16; the Education for All Handicapped Children program applies to children and youth between the ages 3 and 21.

The VR transfer is likely to pass whether we support it or not. We believe that a final decision should be left open until we have discussed this with Congressman Brademas and others who have a major interest in it.

A more complete discussion is at Tab G.

HEW disagrees with the OMB position and recommends strong opposition to the inclusion of the VR program in the Department of Education. HEW argues that the transfer would increase program costs and undermine attempts to develop a coordinated, long-term effort to manage, redirect and reform the government's disability programs. HEW Under Secretary Champion has asked to discuss this issue with you in the event that you disagree with the HEW position.

OMB RECOMMENDS THAT WE LEAVE OPEN OUR POSITION AT THIS TIME SO THAT WE CAN NEGOTIATE WITH CONGRESSMAN BRADEMANS AND OTHERS INTERESTED IN INCLUDING VR IN THE DEPARTMENT.

DPS CONCURS.

Approve

✓

Disapprove

inclined

no

J

Next Steps

Senator Ribicoff intends to make his Department of Education bill the first item on the Governmental Affairs Committee agenda. Congressman Brooks has indicated that he prefers to introduce an Administration bill.

We plan to have the Administration bill ready for introduction in the House early in February. This will encourage early action when an optional advocacy effort is possible.

Electrostatic Copy Made
for Preservation Purposes

ID 786735

T H E W H I T E H O U S E

WASHINGTON

DATE: 26 JAN 79

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JERRY RAFHSOON

JACK WATSON

ANNE WEXLER

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: MCINTYRE MEMO RE LEGISLATION TO ESTABLISH A CABINET
DEPARTMENT OF EDUCATION

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM MONDAY 29 JAN 79 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

ID 786735

THE WHITE HOUSE

WASHINGTON

DATE: 26 JAN 79

FOR ACTION: STU EIZENSTAT *W/S*

FRANK MOORE (LES FRANCIS) *concur (TS)*

JERRY RAFHSOON *attached*

JACK WATSON *attached*

ANNE WEXLER *NC*

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: MCINTYRE MEMO RE LEGISLATION TO ESTABLISH A CABINET
DEPARTMENT OF EDUCATION

*Note:
Call Terry Stranly
when this comes
out.
Buy*

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM MONDAY 29 JAN 79 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

ID 786735

THE WHITE HOUSE

WASHINGTON

DATE: 26 JAN 79

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JERRY RAFHSOON

JACK WATSON

ANNE WEXLER

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: MCINTYRE MEMO RE LEGISLATION TO ESTABLISH A CABINET
DEPARTMENT OF EDUCATION

*Not
Call Terry Straub
when this comes
out.
Buy*

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM MONDAY 29 JAN 79 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: () I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

Terry Straub concurs.

ID 786735 *To JR* THE WHITE HOUSE

WASHINGTON

169

*→ Jim M.
6*

DATE: 26 JAN 79

FOR ACTION: STU EIZENSTAT

FRANK MOORE (LES FRANCIS)

JERRY RAFHSOON

JACK WATSON

ANNE WEXLER

INFO ONLY: THE VICE PRESIDENT

HAMILTON JORDAN

SUBJECT: MCINTYRE MEMO RE LEGISLATION TO ESTABLISH A CABINET
DEPARTMENT OF EDUCATION

+++++
+ RESPONSE DUE TO RICK HUTCHESON STAFF SECRETARY (456-7052) +
+ BY: 1000 AM MONDAY 29 JAN 79 +
+++++

ACTION REQUESTED:

STAFF RESPONSE: (☒) I CONCUR. () NO COMMENT. () HOLD.

PLEASE NOTE OTHER COMMENTS BELOW:

See page 2

In early October, Senators Ribicoff, Williams, Pell and Magnuson wrote to you and stated their intention to introduce a bill early in the session. Senator Ribicoff plans to make this the first item of business for the Governmental Affairs Committee and expects to hold hearings early in February. The leadership of Senator Ribicoff and a large number of cosponsors should result in passage again this year by a wide margin.

Congressman Brooks prefers that the Administration submit its own bill, which he will introduce and manage. He is concerned about the opposition in his Committee, since the Committee discussions during the mark-up last summer were quite heated and divisive. Despite the likelihood of delaying tactics in committee and on the floor and the general lukewarm interest in the House, we think that the bill will pass, if the Administration demonstrates that it is a high priority. (A more detailed description of the political climate relating to the Department of Education is presented at Tab A.)

Themes of the Department

The basic purposes of the new Department should be:

1. To continue and strengthen the Federal commitment to ensuring equal educational opportunity for every American.
2. To promote improvements in the quality and utility of education available to every American.
3. To improve the management of Federal education activities.
4. To promote an effective partnership among Federal, State and local governments and private institutions in education matters.

The Administration's Proposal

The Senate-passed bill and the bill approved by the House Government Operations and Rules Committees last year were considerably leaner than the original Ribicoff and

erry Rogers
This should be the basis on which we sell the plan
All other themes are secondary.
J.C. is proposing a separate DoE because he cares about education.

THE WHITE HOUSE
WASHINGTON

Mr. President:

CL concurs with McIntyre;
Wexler has no comments.

Rafshoon believes that the most important theme for the DoE should be, "to promote improvements in the quality ~~and utility~~ of education available to every American." He thinks that all other themes are secondary.

Comments from Eizenstat and Watson are attached.

Rick/Bill

THE WHITE HOUSE

WASHINGTON

January 30, 1979

MEMORANDUM FOR: THE PRESIDENT

FROM: STU EIZENSTAT *Stu*
BETH ABRAMOWITZ

SUBJECT: OMB Decision Memo on Department
of Education

Description of Proposed Department

The themes for the new department are:

- Equal educational opportunity,
- Quality education,
- Management and efficiency, and
- Partnership with state and local governments and private schools.

The proposed Administration bill resembles last year's Senate-passed bill. Its program budget authority for Fiscal 1979 is \$13.1 billion, of which \$12.4 billion is the Education Division of HEW. Although the initial department is small, it would be larger than five other Cabinet departments and would offer a wide-range of services from grade school through graduate and professional training.

Political Climate

DPS concurs with OMB's assessment of the political climate. Both support and opposition for the bill have intensified. The Education Task Force is working to minimize the impact of the opposition likely to come from the American Federation of Teachers, and selected civil rights leaders and college presidents. There will be opportunities to increase support for the department among governors, state legislators and mayors, as well as members of Congress.

Proposed Transfers

DPS concurs with OMB's proposed transfers to the new department because they broaden the scope of activity and insure that the new department is not too narrowly focused.

OMB asks your decision on four recommendations:

- ° Include the National Science Foundation (NSF) graduate training and faculty and curriculum development programs in the new Department. (NSF opposes the transfer; Frank Press concurs with OMB).
- ° Defer for six months your decision on transfer of Bureau of Indian Affairs schools to the new department until after extensive consultations with Indian tribes. (BIA asks for one year consultation.)
- ° Exclude Department of Agriculture school feeding programs from new department (Agriculture concurs.)
- ° Defer your decision on transfer of HEW Vocational Rehabilitation programs to the new department until after further consultations with interested congressmen. (HEW opposes the transfer.)

Recommendation

DPS concurs with OMB recommendations.

THE WHITE HOUSE

WASHINGTON

January 29, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: JACK WATSON *Jack*
SUBJECT: Department of Education: Decision
Concerning Vocational Rehabilitation

Jim Parham asked if I thought you would mind his giving you his judgment on the issue of whether Vocational Rehabilitation (VR) should be included in the proposed Department of Education; I told him I was sure you would not mind and, in fact, would appreciate knowing his view of the matter. Accordingly, I am attaching a one-page letter to you from Jim which speaks only to that one issue.

On the substance of the matter, I strongly agree with Jim. VR's service delivery connection clearly needs to be with the other disability, health and social services programs, rather than with elementary and secondary education programs. The inclusion of VR in the Georgia Department of Human Resources was one of the best steps we made in that entire reorganization effort, and it has produced some very good results which simply would not have been possible had VR been in the Georgia Department of Education.

As you know, HEW has given high priority to reform of the federal disability programs and has been focusing, for the very first time, on the operational aspects of those programs. I agree with Joe Califano and Hale Champion that a decision on our part to support the transfer of VR programs from HEW to the proposed Department of Education would seriously undermine, if not actually abort, our major management reform in this area.

My comments (and Jim's) go only to the merits of the proposal and not to the politics of it. OMB thinks that the VR transfer will occur whether or not we support it, and they may be right. Nevertheless, I think moving VR out of HEW, thereby severing its essential ties with medical treatment, physical restoration, counselling, social services, job training and job placement, is such a bad idea programmatically that we should oppose it.

Attachment

January 24, 1979

Dear Mr. President:

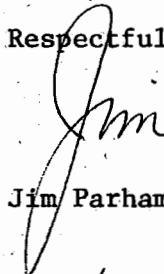
I hope you will not include Vocational Rehabilitation as a part of your Department of Education proposal. Congress may do it because of misguided pressure from special interest groups, but we should not allow it to happen without resistance. It may sound like good politics, but it is definitely bad government.

VR clearly belongs in the family of services aimed at supporting and/or restoring persons with unusual needs. Its central function is case-management coordination of an array of medical, social, prosthetic and training services -- with a heavy dose of motivational counseling. The caseload is heavily weighted with variations of mental and emotional impairments.

The VR link that is most important to strengthen and nurture is with the \$20 billion expenditure for income maintenance for the disabled. More effective VR service is one of the keys to blunting the ominous and inexorable climb of that figure.

The most inspiring and exciting new thrust in the rehabilitation field is toward "independent living" services -- assisting the severely disabled without the hard goal of gainful employment which has been traditional. This adds a new dimension to concepts of social justice and aims to help even the least promising to make the most of their one God-given chance at life. When successful, it often frees another family member to work. To be successful, the emphasis must be on creative techniques that are primarily social and medical rather than educational.

Respectfully,



Jim Parham

P.S. I remain very proud of you, confident of the genuineness of your commitment to the poor, and believe your general course is correct. I keep telling my friends "you aren't nearly as bad as they think."
Watching you these past two years has made me into a praying man. Keep the faith.

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Tab F Child Nutrition

Tab G Vocational Rehabilitation

Tab H Agency Comments

Political Climate

(Congressional Liaison provided much of this information and concurs with this assessment).

After the Administration proposal was presented to Congress last April, the Department of Education bill passed the Senate Governmental Affairs Committee unanimously and the full Senate by an overwhelming vote. Despite stalling tactics, it cleared the House Government Operations and the Rules Committees. Interest group vote counts of the full House indicated that it could have received over 300 votes if it had been brought to a final vote. Faced with many amendments and other delaying tactics by opponents in the House, the bill died at the end of the session.

The basic support for the Department outside Congress still exists. A coalition of over 100 education groups representing several million parents, teachers, school boards, community colleges and student associations is organizing grass roots support to lobby for the bill early in the next session.

In Congress, Senator Ribicoff and the education leadership in the Senate are eager to move ahead early in the session. The Congress in general, however, is expected to be more conservative after a season of "antibureaucracy" campaigns, and some Members are nervous about creating a "new" department. We can also expect intense opposition from arch conservatives and Members from districts with strong units of the American Federation of Teachers (AFT), who oppose the bill. Nevertheless, most observers believe that the Department can be enacted if it is clearly a high Administration priority and one which receives visible Presidential leadership.

Senate

Led by Senator Ribicoff, the Senate voted in favor of the bill last year 72-11. Of the 20 new Senators, 12 favor the Department, 6 oppose it (including Kassebaum and Warner who made it an issue in their campaigns), and 2 said they would support the Department if it does not increase bureaucracy. We expect a net loss, however, of no more than 2-3 votes.

Senators Ribicoff, Williams, Pell and Magnuson have already sent you a letter stating their intention to introduce legislation for a new Department immediately and their opposition to any internal reorganization of HEW as a substitute for a new Department. Ribicoff has stated that he wants to make it

the first order of business of the Governmental Affairs Committee and to hold hearings on the Department as soon as the Committee is organized. He prefers to introduce a bill that resembles as closely as possible the one that passed the full Senate last year, without Head Start, the USDA child nutrition and Bureau of Indian Affairs (BIA) education programs, and to consider other program transfers by reorganization plan later.

The composition of the Governmental Affairs Committee, where several conservatives joined others to pass the bill unanimously, will be only marginally different, as Mrs. Humphrey retired and Senator Muskie and probably Senator Danforth will go off the Committee. In Committee, and on the floor if necessary, we expect Senator Stevens to lead again a fight against any proposed transfer of Indian programs (unless the Indian community reverses its strong opposition), Senator Percy to oppose vigorously transfer of child nutrition programs, and virtually everyone to oppose the transfer of Head Start. Senator Kennedy's staff has indicated that he may testify before the Governmental Affairs Committee in opposition to transfer of the science education programs.

There is a real possibility that Senate conservatives will attempt to delay or filibuster the bill, but several conservative cohorts such as Roth, Dole and Thurmond who support the Department would not join the effort and the large number of cosponsors of the bill should enable us to invoke cloture. We, therefore, have reason to expect early passage of the bill in the Senate.

House

The House will be more difficult, but will probably pass the bill if we lead an early, vigorous charge. The bill passed the Government Operations Committee last year by a vote of 27-15, after Head Start, child nutrition, Indian education and science education programs were deleted. The Speaker has said publicly that he expects the Department to be a major reorganization proposal and can be expected to follow your request to push the Department. We will need his help in the Rules Committee and on the floor. The House education leadership also supports the bill, although it is as yet unclear how active they are willing to be, and Chairman Brooks seems reluctant but willing to handle the bill again. We should be able to

wade through the stalling tactics of the arch conservatives led by Erlenborn, the Members responsive to the AFT and labor led by Rosenthal and Obey, and others such as McCloskey.

Chairman Brooks expects the Committee consideration to be more difficult this year. Six supporters and two opponents are not returning, and as the Committee will be reduced in size, most of the replacements will be Republicans. In addition, Brooks will face in Committee the determined opposition of both Erlenborn and Rosenthal. Consequently, he wants the Department to be an Administration and House-leadership proposal that he will introduce. If he knows that the Department is important to the President, he will be willing to manage it again. He is firmly opposed to including Head Start and child nutrition, and will probably accede to Fuqua's views against transfer of science education, but has noted that the defeat of the main opponent of the Indian education transfers provides an opportunity to reconsider that issue.

The House Committee on Rules granted a rule last year by a vote of 9-6 after a vigorous effort by the Administration and its allies during which we had to reverse several votes to win. Four supporters and one opponent are not returning and new Chairman Bolling voted against the rule, expressing serious opposition to the Department and especially stating reservations about civil rights enforcement in the Department.

The education leadership last year was preoccupied with the Elementary and Secondary Education Act reauthorization and did not get heavily involved in the Department, although they generally supported it. Chairman Perkins' staff has already indicated his stronger interest this year. If we agree to include the vocational rehabilitation programs in the Department, we can also probably count on the help of Congressman Brademas. Ford and Thompson will endorse the Department, but their degree of enthusiasm is not presently very high, a change from last year, when both seemed more eager.

The leadership of the Armed Services Committee and Subcommittee on Armed Services of Appropriations signed a Dear Colleague letter late last session opposing the transfer of the Department of Defense Overseas Dependents'

Schools. We were able on three occasions to defeat amendments to delete the schools from the Department, but by very narrow margins and we can expect another fight on the transfer this year.

In summary, although we expect that the determined opponents of the Department will use all available tactics to defeat the Department, we counted last year nearly 150 public endorsers of the Department and more than a majority of votes. If the Speaker continues to be willing to help and we demonstrate our strong commitment to the Department, we should be able to carry the House.

Interest Group Support

Over 100 education interest groups representing nearly 12 million teachers, parents, school board members, professors, community colleges and State officials, have joined a coalition in support of the Department. The supporters want early action on the bill and can provide grass roots support for it before appropriation and re-authorization issues come up.

Over 100 education interest groups are on record in favor of the Department. Most of these have joined the working group coalition and are planning a major grass roots lobbying campaign and press strategy. The major organizations in this group include:

- American Association of Community and Junior Colleges (AACJC), 960 public and private institutions
- American Association of School Administrators (AASA), 20,000 members
- Chief State School Officers (CSSO), 56 members (States and Territories)
- Council of Exceptional Children, 60,000 members
- National Association of State Boards of Education (NASBE), 550 members in all 50 States
- Education Commission of the States (ECS), 49 States
- National Congress of Parents and Teachers (PTA), 6.5 million members
- National Education Association (NEA), 1.8 million members
- National School Boards Association (NSBA), 95,000 board members

In addition to support from organized groups, the concept of a Department of Education is supported by prominent individuals, including James Farmer, Coretta King, Vernon Jordan, La Donna Harris, former Commissioners of Education, and other well-known school board members and college officials.

Only four members of the coalition are from higher education, but these include the community colleges association, with a college in virtually every congressional district, and the American Association of University Professors. They do not include, however, the more prestigious universities and college presidents, who are generally neutral to quietly negative about the Department. There is a present effort to increase the opposition from higher education groups, but they will probably remain neutral if they sense that the Department is a high Presidential priority which will probably win.

The civil rights community is generally neutral to negative on the bill. Some leaders have expressed concern that a Department dominated by educators will not enforce vigorously the civil rights laws and promised to fight it again this year. Congresswoman Chisholm strongly expressed this reservation last year, opposed the bill in the Rules Committee, and has promised to fight it again. In addition Joe Rauh has publicly stated that he is vigorously opposed to the Department. No group has officially opposed the bill, however, and several prominent leaders, cited above, are in favor of it. If we include in our bill the amendments offered last year to strengthen the Office for Civil Rights, we will probably diffuse most potential opposition to the Department.

Outside the education community, there is modest interest in the Department among State and local government groups, although the Education Commission of the States has endorsed the Department. We have just begun to cultivate these groups and can expect more support from Governors and Mayors if this is a clear priority. The business community has generally not taken strong interest in the Department to date, but we are cultivating it also and can expect some help from them.

Opposition

As noted above, we expect intense opposition from two sources: the ideological conservatives, particularly in

the House, and the American Federation of Teachers (AFT). Opponents primarily fear Federal control of State and local education systems and domination of the Department by narrow education interests. Some moderates are opposed to or reluctant to support the Department because of concern about increasing the Federal bureaucracy.

There are some indications that the ideological conservatives, led by Congressman Erlenborn, may take on the Department as a cause celebre. Erlenborn has already circulated for cosigners a Dear Colleague letter opposing the Department and we understand that he is making plans to work through the Committee on Committees to fill the four Republican vacancies on the Government Operations Committee with additional opponents to the Department. We can expect him to employ delaying tactics again this year and at least Members Quayle, McCloskey and Rosenthal on the Committee to support him. In addition, a conservative mass mail organization based in Dallas has already sent several thousand form letters opposing the Department to Congressman Brooks.

It is unclear whether conservatives in the Senate will adopt these tactics, although Warner and Kassebaum opposed the Department in their campaigns and may join Schmitt in his strong opposition to the Department. There is a possibility that these opponents may attempt to filibuster the bill, but, as some arch conservatives are cosponsors, the group should remain small, and there are sufficient supporters to invoke cloture.

The strongest opponent is the AFT. The parent AFL-CIO passed a resolution against the Department proposal at its convention last December, but labor opposition is not solid, as the American Federation of State, County and Municipal Employees (AFSCME) and the Presidents of the United Auto Workers (UAW) and the Communication Workers of America support the Department. The AFT has hired ex-Congressman Jim O'Hara to work against the bill and he called a meeting two weeks ago which the AFT and three higher education groups attended. He is mapping a strategy to suggest alternative improvements in the organization of education programs, such as the creation of an Under Secretary of Education in HEW, and working with Erlenborn, to place opponents of the Department on the Government Operations Committee.

Catholic educators also oppose the bill. While the leadership of the Council on American Private Education (CAPE) are willing to work with the Administration to draft language in the bill to assure fair acknowledgement of the role of private schools, Catholic educators will continue to oppose the Department.

Press

Editorial reaction to the Department has been largely negative, although there has not yet been a concerted press strategy in support of it. The New York Times, Washington Post, Los Angeles Times and Wall Street Journal have opposed the Department; other large newspapers including the Washington Star, Atlanta Journal - Constitution, Baltimore Sun, Minneapolis Tribune, New Orleans Times-Picayne, and Boston Globe have supported it. The critics have doubted the strength of Administration support for the Department, the need for greater attention to education at the Federal level, and the loss of linkages to health and welfare programs. There are effective counters to these arguments and we can expect our own press strategy to balance the criticism to date.

In summary, we can expect a similar lineup for and against the Department this year, but with increased intensity on both sides. There will be active grass roots support for the Department early in the session and some opposition may be thus neutralized. In the House, both the education and political leadership should be more active. Supporters are looking to the White House for visible leadership and believe that with strong Presidential interest, their superior numbers will prevail.

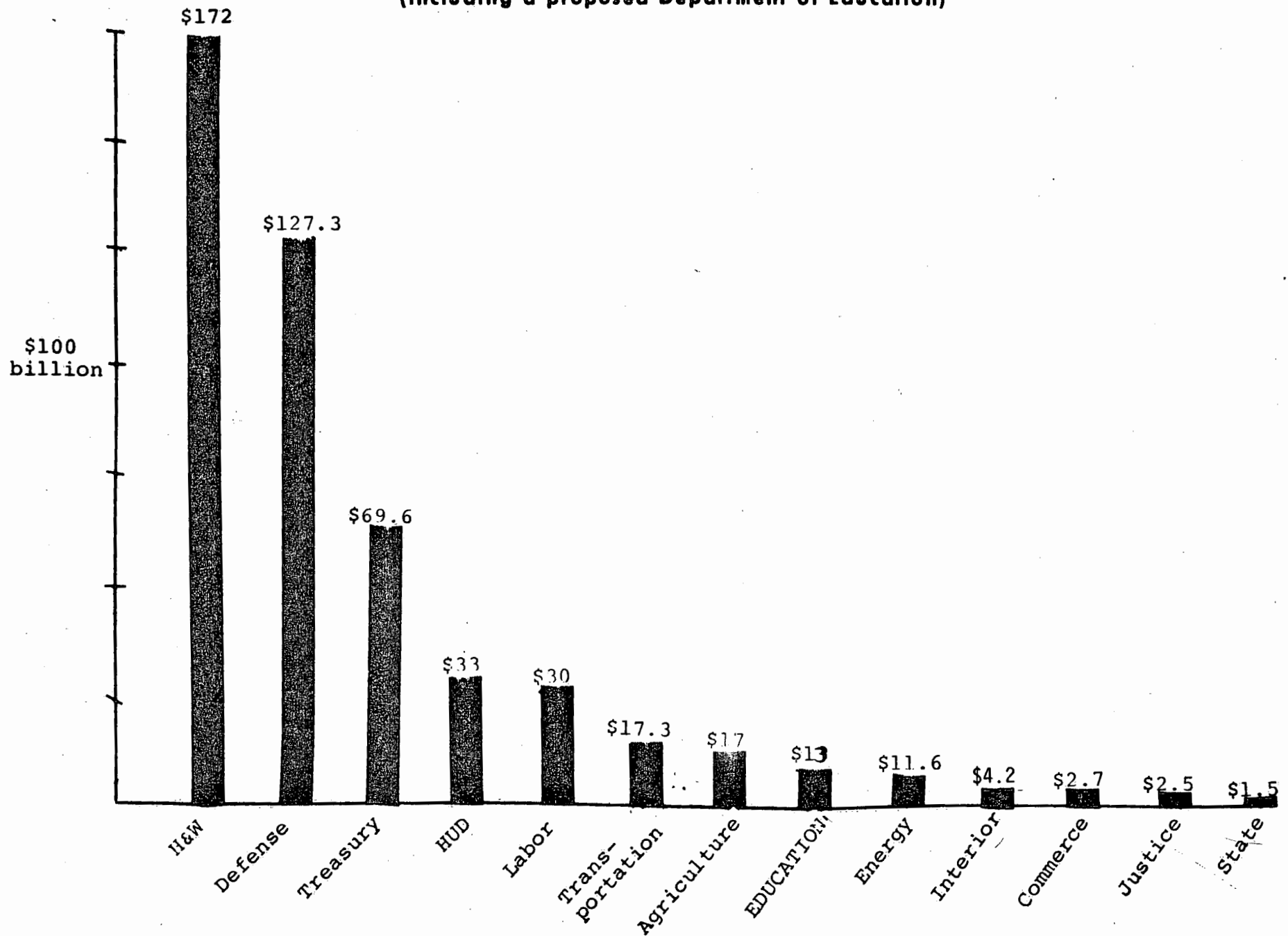
Program Content of Department of Education Act

	<u>Ribicoff Proposed</u>	<u>Administration Proposed</u>	<u>Senate Markup</u>	<u>Senate Passed</u>	<u>House Markup</u>
Education Division	x	x	x	x	x
Office for Civil Rights	x	x	x	x	x
USDA Graduate School	x	x ^{4/}	x ^{7/}	x ^{9/}	x ^{4/}
HEW Telecommunications Facilities Demonstra- tion	x ^{1/}	x	x	x	x
DOD Schools	x	x	x	x	x
National Endowments for Arts & Humanities	x	^{5/}			
Indian Education	x ^{2/}	x ^{2/}	x		
NSF Science Education	x ^{3/}	x ^{3/}	x	x	
Project Head Start	x	x			
HUD College Housing	x	x	x	x	x
Child Nutrition	x	x	x ^{8/}		
Vocational Rehabilitation			x	x	x
Health & Justice Student Assistance Programs		x	x	x	x
Special Institutions (Howard, Gallaudet, American Printing House for the Blind, National Technical Institute for the Deaf)	x	x	x	x	x
Other		^{6/}			

^{1/} Original Ribicoff bill transferred entire educational broadcasting facilities program of the Communications Act of 1934 to DE, including educational television broadcasting, while Administration proposal included telecommunications demonstration programs only.

- 2/ Original Ribicoff bill transferred only the BIA schools for Indian children to DE, while the Administration proposal included all Indian education programs of the BIA.
- 3/ Original Ribicoff bill transferred entire Education Directorate of the National Science Foundation to DE, while the Administration proposal included only selected science education programs from the Directorate and excluded the Graduate Research and Training programs in the Directorate.
- 4/ Administration legislation did not list USDA Graduate School for transfer, as it can be transferred administratively. The proposal does include transfer of School to DE.
- 5/ McIntyre indicated in testimony that the Administration would defer consideration of inclusion of Endowments in proposal.
- 6/ McIntyre indicated in testimony that the Administration would study issue of inclusion of selected youth unemployment programs in DE.
- 7/ USDA Graduate School was listed for inclusion in legislation by Senate staff.
- 8/ Senate markup version of child nutrition program transfers deleted the commodity distribution program from DOA transfers.
- 9/ Senate amendment to delete child nutrition program transfers also deleted USDA Graduate School transfers. This deletion was probably inadvertent, although there is obviously a legal case for omission of the programs in the Senate bill.

CABINET DEPARTMENTS OF THE U.S. GOVERNMENT By FY 1979 Budget Authority
(including a proposed Department of Education)



Science Education Programs

I. Program Description

Agency: National Science Foundation, Science Education Directorate

Budget: FY 1979 Authority: \$80 million

Faculty development and
undergraduate programs
proposed for transfer \$58.7 million

Graduate research training
and scientist-nonscientist
communication programs
remaining in NSF 1/ \$21.3 million

Personnel: Approximately 90

1. Teacher Training Programs (\$10.2 million) are primarily designed to improve and update the quality of experienced teachers and college faculty. Since the early 1950's, science inservice workshop and institute-type programs have been extremely popular among teachers, and in 1979 approximately 18,000 persons will participate.
2. Student-Oriented Programs (\$5.3 million) are directed at identifying and involving some of the Nation's most talented high school students. In 1979, an estimated 5,000 students will participate in these programs. Participants include minorities and females who will receive encouragement to enter scientific fields.
3. Institutional Support Programs (\$29.1 million) provide funds for improving institutional facilities and equipment, primarily at two and four-year colleges, as well as colleges which serve student populations with high concentrations of minorities.

1/ NSF would also retain graduate research and traineeship programs designed to encourage minorities, women and handicapped persons to enter scientific and technical careers.

4. Science Education Development and Research Programs (\$11.7 million) emphasize developing school and college curricula and technologies and science programs for all youths including those for science-prone students and those likely to pursue science careers.
5. Public Understanding of Science Programs (\$2.4 million) are designed to improve the public's understanding of scientific principles and technological content which may be involved in broader public policy issues. These programs emphasize the use of television, radio and museums to reach the general public. For example, Children's Television Workshop, the producer of Sesame Street, developed a science education series for children aged 8-12 in 1979.

The Science Understanding Project which requires a more direct involvement of the scientific community will remain in the National Science Foundation (NSF).

II. Problems and Opportunities

1. The lack of any focus on science in the current HEW organization inhibits the capacity of the Federal Government to improve the quality of science teaching and learning in the Nation's 16,000 school systems.
2. The decline in science achievement during the last decade requires renewed national concern and commitment. According to studies by HEW and the NSF, science, social science and math teachers "felt themselves inadequately trained" and students aged 9, 13 and 17 "tended to perform as well as they did three to four years earlier."
3. The role and priorities of science education have changed. With a national shortage of trained research scientists in the 1950's, NSF devoted almost half of its total budget to science education, 86 percent of which was spent to recruit new scientific talent and to train science faculty.

Today, with an adequate supply of scientists, NSF spends \$80 million, or approximately 9 percent of its budget on science education, and of that amount only less than half is for the recruitment and training of science faculty and researchers.

4. Science education programs in NSF sometimes duplicate the demonstration, dissemination and institutional support programs administered by the Education Division in HEW. NSF institutional assistance programs designed to improve the quality of college-level instruction (Comprehensive Assistance to Undergraduate Science Education -- CAUSE) are similar to programs supported by the Fund for the Improvement of Postsecondary Education (FIPSE) in HEW. Minority institutional assistance programs in science (MISIP) relate closely to the Developing Institutions Program administered by HEW's Office of Education. NSF spends \$10 million in inservice teacher training while OE invests \$10 million in the Teacher Centers Program.

III. Assessment

Transferring the science education programs would have the following advantages:

1. A Department of Education which assumes the responsibility for improving the overall quality of schools and school curricula should be given responsibility for involving talent, program expertise and information within the scientific communities.
2. Transfer of science education programs will maximize the Federal Government's impact on the quality of science education. The NSF has neither the resources nor the direct institutional ties with the 50 State Departments of Education to serve adequately the Nation's schools and undergraduate colleges.
3. A major department with a mandate to report annually on the "condition of education" and

with an annual budget for education programs in excess of \$13 billion will be in a better position to develop appropriate policies and to reallocate available resources to meet educational needs, including science education.

4. Inclusion of science and social science program and staff resources will broaden the base of the new department. A strong and visible commitment to academic disciplines should also increase the commitment and involvement of the university and outside scholarly communities in educational problems.
5. The transfer of science education programs will not affect the overall mission of the NSF. The NSF would continue to provide an overview of the Nation's research, providing support in priority areas receiving insufficient attention. Divested of routine science education programs, NSF would be in a better position to do what it does best -- focus on innovation -- while the new department would assume the primary responsibility for running demonstration and service programs.

The safeguard is that NSF would retain its current broad statutory authority for support of science education. NSF would complement Department of Education activities by focusing on innovative projects that tap scientific resources to invigorate the content of science education. A Department of Education could therefore provide NSF with new opportunities, as well as provide challenges from the education community that are sometimes lacking now.

Transferring these programs would have the following disadvantages:

1. Committees dealing with scientific research in the House (Representative Fuqua) and the Senate (Senator Kennedy) will be reluctant to give up authorization overviews. These committees have played major roles in determining Federal science education policies, particularly in shifting resources to help science programs in two and four-year colleges, including minority institutions.

2. An agency without scientific and research talent operating at its helm could be less sensitive to and supportive of science education programs. Both the Director and Deputy Director of NSF were trained as research scientists.
3. The substantive link between science education programs and basic research programs would be reduced by separating these programs. Science focuses on the creation of new knowledge, and teaching it effectively depends on that knowledge. To minimize this potential disadvantage, the Department of Education would have to work closely with NSF and assure close linkages with the science/research communities. However, those programs where the linkage is most direct - graduate training support - would be retained by NSF.
4. Policies relating to increasing access to and participation in education, which dominate most Federal education programs, might take priority over the policies stressing high standards, excellence and competition which are stressed by NSF officials and the NSF Board.

BIA Indian Education Programs

I. Program Description

Agency: Bureau of Indian Affairs, Department
of the Interior

Budget: FY 1979 budget authority

School Operations	\$191.9 million
Johnson-O'Malley education assistance programs	32.5 million
Continuing education programs	<u>40.0 million</u>
	<u>\$264.4 million</u> <u>1/</u>

Personnel: Approximately 7,700 (including 1,700
non-permanent)

Reservation children attend school through a great variety of organizational arrangements. Of those attending school, about 75 percent attend public schools and live either at home or in Bureau of Indian Affairs' (BIA) dormitories. A small number attend private schools, primarily church-affiliated; the balance attend a variety of BIA-financed schools: boarding schools on and off the reservation, day schools, combination boarding/day schools and tribally controlled schools, including some that were once private. An estimated 5 to 10 percent of the children living in rural areas do not attend school, apparently to avoid leaving their families for boarding schools.

BIA shares the administration of most Office of Education (OE) programs delivered through its schools. For example, the Title I set-aside for BIA schools is transferred to a BIA-consolidated working fund for disbursement. In 1979, monies for nine programs passed through this fund; most are education-related. The set-aside for one program--vocational education--is administered directly by OE

1/Excludes items not specifically labelled as "education,"
such as indirect costs, school construction and maintenance
and other support activities. These items would also be
transferred.

through contracts with tribes. The authorizing legislation for vocational education would require that the 1979 set-aside be matched by BIA and transferred to OE.

The Johnson-O'Malley program provides funds to public schools and the few tribally-controlled schools for supplementary educational benefits for Indian children from federally recognized tribes. Three OE programs will provide an additional \$180 million to public schools in 1979 specifically to support the education of Indian children: impact aid (operation), impact aid (construction), and the Indian Education Act programs. Indian children are also eligible to receive support through standard Federal educational assistance programs such as Title I. BIA's eligibility standards are more restrictive than OE's, with the result that the programs will subsidize the education of about 182,000 children through BIA and somewhat less than 400,000 through OE.

BIA's continuing education program contains adult education, student assistance and junior-college activities. These programs, like all those of BIA, are available only to federally recognized tribes and their members. In addition, BIA's Division of Continuing Education has responsibility for coordinating vocational training and programs for the handicapped in BIA schools.

Both the Johnson-O'Malley and continuing education programs are administered through the Indian Education Resources Center in Albuquerque, New Mexico, with oversight from Washington. A substantial portion of each program is administered through contract with the affected tribes.

II. Assessment

The advantages of transfer are that it would:

- Create a situation in which comprehensive and consistent policies can be developed for Indian education. The present structure severely constrains the development of such policies. OE and BIA both support Indian education in public schools, in BIA schools and in postsecondary institutions. Yet the current administrative structure makes it difficult for one effort to complement the other. For example, about \$20 million of ESEA Title I funds and \$5 million of handicapped education funds will support programs in BIA schools in FY 1979. Yet BIA has little control over the policies that shape those programs, and OE has little control over their administration.

- . Permit more coordinated efforts to administer program requirements and provisions. Neither agency has control over the administration of the other's programs, with the result that the effectiveness of both sets of programs suffers. For example, both USOE and BIA have programs intended primarily to finance supplementary educational programs for Indian children in public schools. It is alleged that in many cases the funds for these programs are absorbed by the school systems without providing the intended supplementary benefits. Yet the fact that the programs are financed through two very different distribution systems, combined with the natural rivalries that exist between the Cabinet agencies, have precluded any effective attack on this problem.
- . Enable Indians to have a much stronger voice in Federal education policy than they now have. At present, Indians lack a strong enough voice within USOE to significantly influence policy or claim that agency's support. The Department of Education legislation creates an executive-level position for Indian education that reports directly to the Secretary, significantly upgrading the status of Indian education in the Federal establishment.
- . Lead to improved education services to Indians much as the transfer of the Indian Health Service from BIA to HEW in the 1950's led to improved health care for Indians.

The disadvantages of the transfer are that it would:

- . Be opposed by most Indian tribes and organizations because they fear that it is the first step in "terminating" the special relationships between the tribes and the Federal Government and dismantling the Bureau of Indian Affairs.
- . Violate the President's assertion that Indian people should be able to make their own decisions, including those concerning the operation of Indian schools.

- . Create some administrative problems in areas where the BIA school is essentially the entire BIA presence and performs all BIA functions.
- . Despite the many protections built into the bill, run the risk of having an agency administering Indian programs that may not adequately recognize the special relationships between the Federal Government and the Indian tribes.

F

Child Nutrition

I. Program Description

Agency: Food and Nutrition Service, U.S. Department
of Agriculture *

Budget: FY 1979 budget authority

National School Lunch	1,855 million
School Breakfast	208
Special Milk	142
Child Care Food	146
Summer Food Service	126
Commodity Distribution	522
Administrative and Equipment	
Assistance	056
Federal Administration	023

\$3,078 million

Personnel: 734

These programs provide cash and commodity assistance to participating schools and institutions for meals served to children. Assistance is provided on a "performance" basis: that is, participating schools and institutions receive a fixed reimbursement payment for each meal served. To be eligible for Federal reimbursement, meals must conform to Federally prescribed meal patterns. Additional Federal reimbursement, which covers almost the entire cost of producing a meal, is provided for meals served at no or nominal cost to needy children. Because almost three-quarters of the Federal expenditure toward these programs subsidizes meals served to needy children, the programs are classified as income security programs in the budget.

*The special Supplemental Food Program for Women, Infants and Children (WIC) program, which is authorized under child nutrition legislation and administered by the Food and Nutrition Service, is not considered a candidate for transfer to the Department of Education. This program provides nutritional supplements to pregnant and lactating women and their children and is administered by State health departments.

The programs are all funded through State education agencies (SEA's) although considerable administrative activity is carried on outside the education system (e.g., in day care centers, orphanages, summer camps). SEA's function primarily as conduits for Federal funds with considerable responsibility for monitoring and technical assistance, but with little policymaking authority. Administration of these programs within an SEA is carried out by a separate child nutrition unit which has little contact with other parts of the SEA.

Federal expenditures for these programs have increased almost sixfold over the past decade. Most of this increase has occurred in the cash portion of the program. The importance of Federal commodity donations to the programs has diminished in recent years, as cash subsidies have increased and as periods of relative food scarcity have decreased surplus commodity stocks.

III. Assessment

Transferring the programs would have the following advantages:

1. Child nutrition programs would broaden the focus of the Department of Education and give added force to the movement that encourages educators to see the solutions to problems of learning in a broader perspective.
2. Transfer could give the child nutrition programs new legitimacy in the eyes of State and local education officials. Some program administrators point to the location of the programs in State education agencies as contributing to acceptance of the programs by educators at the local level. Location in a Federal education agency could enhance this acceptance.
3. Transfer would increase opportunities for simplification and standardization of administrative requirements between child nutrition programs and education programs. However, differences in these requirements are not now seen as creating significant administrative problems.

The following are disadvantages of transfer:

1. Location of the programs in the Department of Education could result in nutrition interests being subordinated to education interests. Historically, these feeding programs have received limited support from educators.
2. Transfer of the programs from USDA would narrow the focus of that department and could lead to food producer concerns dominating concerns of consumers. Increasing the responsiveness of USDA to consumers is a mission that the Department has been actively pursuing under this Administration.
3. There is considerable political opposition to transferring these programs. Child nutrition advocacy groups, the Senate Agriculture Committee, the school food service worker's association and USDA officials all oppose transfer. In addition, the strong political support that these programs have traditionally enjoyed from conservative, agriculture-oriented legislators would be jeopardized by moving the program out of USDA.
4. Transfer could cause coordination problems between USDA and the Department of Education involving selection and distribution of commodities donated by the Federal Government to the programs.

Vocational Rehabilitation

I. Program Description

Agency: Rehabilitation Services Administration
Office of Human Development Services, HEW

Budget: FY 1979 budget authority: \$870 million

Personnel: 445

The Vocational Rehabilitation (VR) program is a major Federal program for handicapped individuals. Enacted in 1921, VR provides a range of services to enable handicapped individuals to begin or return to work. The Federal Government makes funds available on a matching basis to States that administer the program according to State prepared plans for VR services. The organizational placement of the program at the State level varies considerably: 12 programs are in independent agencies; 17 in education departments, and 26 in agencies combining two or more human services programs.

Fundamental to the VR program is the vocational rehabilitation counselor. The counselor ensures that the handicapped person's health, social and mental status is thoroughly evaluated, works with the individual to develop a comprehensive individualized written rehabilitation plan and obtains and purchases the training and services needed to implement the plan. Increased emphasis has been placed on serving severely disabled persons in recent years. It is estimated that the program will provide services to 1.8 million handicapped persons during FY 1979, nearly 56 percent of whom will be severely disabled.

States use roughly half the funds to provide personal counseling, guidance and placement and to support rehabilitation facilities. Twenty percent of the funds support training, 12 percent medical restoration, 9 percent diagnosis and 9 percent various supportive services. Specialized demonstration, research and training programs, which augment the basic State grant program, are also administered by the agency.

II. Problems and Opportunities

- A. There is a need for greater coordination and pooling of resources between VR and education programs for the handicapped.

The General Accounting Office (GAO) concluded in a May 1977 report that State VR agencies were not taking full advantage of educational benefits provided under other programs and available to train handicapped persons because of "lack of communication and coordination with (these education) programs." The Basic Educational Opportunity Grants (BEOGs) and vocational education programs were especially noted (the latter program requires that 10 percent of all its participants must be handicapped). A 1973 GAO report also found that the VR program was paying for education services, including tuition, that could be financed by other Federal education programs. Since expenditures for training account for 20 percent of all the funds allocated for VR services, better coordination among these programs is extremely important if these resources are to be used effectively.

There is also increasing evidence that the VR and Education for All Handicapped Children (PL 94-142) programs are not coordinated effectively. The PL 94-142 program requires that public elementary and secondary schools provide free and adequate education for all handicapped children (ages 5-21). The Bureau for Education of the Handicapped (BEH), which administers PL 94-142, makes funds available to State education agencies to support services that will help meet this objective. Both BEH and VR programs have similar requirements for basic technical and teaching skills for people who work with handicapped individuals. The schools are generally ill-equipped to handle effectively their responsibilities in this area, however, and coordination with the VR program's network of skilled personnel could help the schools meet the requirements of PL 94-142. Moreover, both programs can serve handicapped people aged 16-21. Without coordination, duplication of services to these people may occur.

- B. There is a need for careful attention to promoting program and administrative coordination between VR and other disability programs in HEW.

Those certified for disability benefits under Disability Insurance and Supplemental Security Income have inadequate incentives and opportunities for counseling, training, health care and other services to enable them to return to work. (HEW indicates that they are developing legislation in the disability area to address these programs. Specific proposals have not been submitted for review.)

- C. The Federal Government has been unable to develop a comprehensive policy on the handicapped.

A major conclusion of the 1977 White House Conference on Handicapped Individuals was that no comprehensive Federal policy on the handicapped exists. As a result, issues such as how to define disability, which handicapped people should receive top priority, how needs should be met and what agencies should have responsibility for meeting these needs have gone unanswered. In addition, handicapped groups feel that no agency effectively or comprehensively represents their concerns at the Federal level.

III. Assessment

Combining VR with Education for the Handicapped Programs in a Department of Education would have the following advantages:

- o Better coordination between PL 94-142 and the VR program will facilitate the development of more comprehensive approaches to preparing handicapped young people make the transition from secondary education to work.
- o Better coordination between VR and related education programs will improve opportunities to use education programs to help finance the training and education needs of handicapped individuals. The Vocational Education Act (VEA), for example, mandates that at least ten percent of the Federal funds allocated under Part B of that Act be set aside for vocational education for the handicapped. The VEA set-aside for the handicapped currently totals \$74.7 million.
- o The effectiveness of Education for All Handicapped Children program will be enhanced. Closer relationships between this program and VR will improve the exchange of expertise and technology and enable the schools to help meet their responsibility to educate handicapped children by fostering the involvement of the VR network of services, training and counseling in the schools. This should promote the use of tested programs to serve handicapped children and youth.
- o The location of the VR program in the Department of Education would improve opportunities to relate VR with student assistance programs, especially Basic Educational Opportunity Grants (BEOGs). A 1977 GAO report concluded that State VR agencies were not taking full advantage of student assistance programs such as BEOGs.

- o This proposal will receive wide and enthusiastic political support. The major national interest groups for the handicapped and numerous members of Congress support this concept and will be strong and effective advocates for a Department of Education if VR is included. It will be viewed as a fulfillment of the President's commitment to the White House Conference on Handicapped Individuals to locate all programs for the handicapped in one agency. The rehabilitation lobby will welcome this as a chance to develop a new, broader role for rehabilitation services, which is distinct from "welfare."

HEW argues that transfer of the VR program would have the following disadvantages:

- o The transfer of the Rehabilitation Services Administration (RSA) would increase program costs. A high priority has been given to the reform of the Federal Disability Insurance (DI) program. To meet the challenge of reforming the DI program a wholly new operational relationship will be required between two historically independent bureaucracies -- the Social Security Administration (SSA), which administers the DI program, and RSA. The transfer of RSA to the proposed new department would preclude this.
- o Education for the Handicapped programs concentrate on academic development and basic learning skills. VR emphasizes medical treatment, physical restoration, counselling, social services, job training, and job placement.
- o The two major Federal programs for handicapped individuals, VR and PL 94-142, serve essentially different age groups. The PL 94-142 program addresses the educational needs of handicapped children and youth (ages 3-21). The VR program serves handicapped individuals primarily over the age of 16.

A complete text of HEW's arguments against this transfer is contained in Tab H.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

JAN 11 1979

MEMORANDUM FOR THE PRESIDENT

SUBJECT: The Proposed Cabinet-Level Department of
Education

Harrison Wellford has asked for our comments on an OMB memorandum that discusses the pros and cons of including, among other things, the Vocational Rehabilitation program in the proposed new Department of Education.

We recommend that the Administration continue to oppose vigorously the proposed transfer of the Rehabilitation Services Administration to the new Department. The proposed transfer is wholly without program or management justification, and merely responds to the demands of a special interest group.

Most importantly, the transfer of RSA would have major program costs. HEW currently spends \$20 billion annually on income support and training assistance programs for handicapped adults unable to support themselves, exclusive of the costs of medical care. All of these disability programs have historically been organized within HEW because, as the OMB memorandum acknowledges, income support determinations are obviously and inextricably linked to health, mental health and social service needs, including counselling and training.

Before your Administration, top leadership in HEW had never given careful attention to these disability programs. As a result, too many of the 5 million Americans now certified for disability benefits under the Social Insurance and Supplemental Security Income programs have neither strong incentives, nor readily available opportunity, for the needed counselling, training, health care and other social services necessary to encourage and support a return to work.

With your steady encouragement, we have, as you know, given high priority to reform of the massive federal Disability Program. The legislative reform proposal that we will send to Congress early this session has two central purposes:

- . To end dependency, wherever possible, by restructuring both benefits and incentives to encourage disabled persons to return to work.
- . To restructure the program administration to encourage handicapped persons now living on benefits to take part in supportive training and other services that will assist them to return to work.

Meeting our objectives requires not only enactment of our legislation, but, just as importantly, a wholly new operational relationship in the field between two historically independent bureaucracies -- SSA and RSA -- an operational relationship that I have already begun to establish by administrative action. For example, to speed the referral process between those determining eligibility for cash benefits and those able to direct eligible individuals into training and other social service support programs aimed at encouraging work, we have initiated experiments in each HEW region that will co-locate state vocational rehabilitation counselors with SSA disability claims examiners. In addition, recently developed criteria under RSA's beneficiary rehabilitation programs (Titles II and XVI of the Social Security Act) will take into account each state's actual performance in moving previously disabled people from the cash assistance rolls to partial or total self-support. We have also contracted with several leading experts in this area to develop additional ways to integrate the disability determinations with vocational rehabilitation techniques.

In short, we are engaged both administratively and legislatively in a coordinated, long-term effort to manage, redirect, and reform the government's generous, but hopelessly complex and fragmented, disability programs. We are, for the first time, focussing on the operational aspects of these programs. A decision by the Administration to support the transfer of Vocational Rehabilitation programs from HEW to the proposed new Department would abort this major management reform.

The OMB decision memorandum asserts vaguely that programmatic improvements will flow from transferring the Vocational Rehabilitation program to the Department of Education. There is utterly no basis for this argument. There is little to be gained by consolidating the Vocational Rehabilitation activity with the Education for the Handicapped programs, while there is much to be gained by coordinating RSA activity with SSA and SSI activity.

Education for the Handicapped programs concentrate on academic development and basic learning skills. Vocational Rehabilitation emphasizes medical treatment, physical restoration, counselling, social services, job training, and job placement. Only in the job training area do the programs intersect, and even in that area, as you know, schools have been notoriously poor performers.

In addition, as noted briefly in the staff memorandum attached, the Educationally Handicapped and Rehabilitation programs focus on wholly distinct populations.

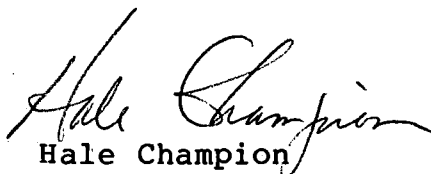
The only link between the two programs is a political one: the increased status for the Rehabilitation programs sought by special interest groups and the Congressional patrons of those activities. In fact, as the OMB memorandum suggests, only the fact that the Rehabilitation Services Administration was added to the separate Department by committee action in both Houses of Congress during the last session qualifies this proposed transfer as a matter worthy of Presidential consideration and decision.

The committee amendments in support of this organizational change last year came forward under the sponsorship of well-known, Congressional supporters of special programs for the handicapped population. The amendments emerged without any discussion of the program issues involved, without Administration testimony on the subject and before disability reform was a major goal of the Administration.

There is substantial Congressional support for the transfer, but it must be put in context.

Support for the new Department of Education from Congressman Brademas and other key members of both Houses does not depend on the inclusion of the rehabilitation services activities in the new Department. Even if it did, we would ask you to weigh carefully the program and organizational costs of approving an organizational change that can be justified only in political terms.

For the foregoing reasons, we recommend that you strongly oppose the transfer of the Vocational Rehabilitation programs to the new Department of Education. If you do not agree with our recommendation, we would like an opportunity to discuss this issue with you.


Hale Champion

NATIONAL SCIENCE FOUNDATION

OFFICE OF THE DIRECTOR

WASHINGTON, D. C. 20550

January 10, 1979

President
The White House
Washington, D.C. 20500

Dear Mr. President:

As you may remember from our first meeting, I placed special emphasis on the importance of maintaining a strong science education capability at the National Science Foundation and I believe we have done so.

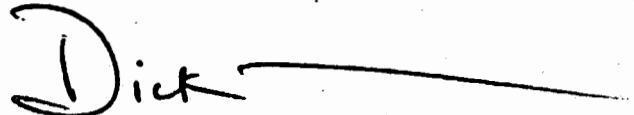
If our science education programs are transferred to the new Department of Education, they would be only a tiny fraction of that Department (less than one-half of one percent of the budget). I believe these programs will contribute more to the national well-being if they remain at NSF, where they are an integral component of the organization; I therefore recommend that they not be transferred to the proposed Department.

As you have so forcefully argued, science and technology play a central role in the lives of every citizen and in the welfare of our Nation. The strength of our scientific enterprise is based not only on current research efforts but also on our ability to interest young people in science. At the same time, the ability of our citizens to effectively participate in decision-making about many societal issues depends on their understanding of science and technology.

I believe science education requires a level of attention from the Federal government that can best be provided by a science-oriented group. If the rapid advance of scientific knowledge is to be adequately reflected in our educational process, such a group must be institutionally linked to the scientific community.

This linkage now exists in the Science Education Directorate of the National Science Foundation. In light of its exceptional record of past achievement, I believe the Nation can best be served by allowing the Science Education Directorate to remain in the setting in which it has been so effective.

Sincerely yours,

A handwritten signature in dark ink, appearing to read "Dick", followed by a long horizontal line extending to the right.

Richard C. Atkinson
Director

NATIONAL SCIENCE FOUNDATION
WASHINGTON, D.C. 20550



OFFICE OF THE
DIRECTOR

Hwt# 1/98
cc Gwaltney
Bearley
January 10, 1979

Mr. James T. McIntyre, Jr.
Director
Office of Management and Budget
Executive Office Building
Washington, D.C. 20503

Dear Jim:

We have reviewed the OMB staff recommendations for programs to be included in the proposed Department of Education.

As you know, one of the issues to be decided by the President is whether part of the Foundation's Science Education programs should be transferred to the new Department. We have given this issue a great deal of consideration and I still have reservations. Consequently, I have drafted a letter to the President and would appreciate it if you would incorporate it with the material the President will review at the time he makes a decision on the programs.

Sincerely yours,

Richard C. Atkinson

Richard C. Atkinson
Director

Enclosure

Copies to:

Dr. Frank Press, OSTP
— Mr. Harrison Wellford, OMB



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

Gwaltney
Beardsley

JAN 10 1979

Mr. Harrison Wellford
Executive Associate Director
for Reorganization & Management
Office of Management and Budget
Washington, D.C. 20503

Dear Mr. Wellford:

As you requested, we have reviewed the OMB staff recommendations concerning the programmatic content of the proposed bill to create a Department of Education. We support the creation of the Department of Education and agree that its establishment should be given the priority attention that you have recommended.

It is clear that much thought has gone into your recommendation concerning the sensitive area of the Administration's inclusion of the Indian education programs from BIA as part of the proposal at this time. We agree with your recommendation that these programs should be excluded for the present, pending a study period which would allow for extensive consultation with the tribes and Indian organizations. As to the timing and thrust of the study, we recommend a one-year study by OMB, working with the affected agencies, which would examine the question of transfer, along with a determination of the method. (Attached is the recommendation of the Assistant Secretary - Indian Affairs, with further comment on these points.)

We will be happy to discuss this important matter with you in greater detail if you wish, and we welcome the opportunity to assist you with the design and work of the study.

Sincerely,

Leah D. Anderson

Secretary of the Interior



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

MEMORANDUM

TO: Secretary

THROUGH: Solicitor

FROM: Assistant Secretary - Indian Affairs

SUBJECT: Comments on OMB Recommendations on Indian Education Programs of the Department of the Interior (Re: 1/8/79 OMB Request for Departmental Views on Administration's Proposal to Create a Department of Education)

On the question of whether the Indian education programs of the Department of the Interior should be included in the Administration's proposed bill to create a Department of Education, I urge that the Secretary adopt the following position (see page 8, above-referenced document; underlining follows, where position differs from OMB staff recommendation language):

RECOMMEND AGAINST INCLUSION AT THIS TIME. RECOMMEND THAT OMB UNDERTAKE A ONE-YEAR STUDY, INCLUDING EXTENSIVE CONSULTATION WITH INDIAN TRIBES AND ORGANIZATIONS. RECOMMEND THAT THE STUDY BE DESIGNED IN CONJUNCTION WITH THE AFFECTED AGENCIES AND THAT THE STUDY TEAM MAKE RECOMMENDATIONS ON WHETHER THE INDIAN EDUCATION PROGRAMS SHOULD BE TRANSFERRED AND, IF SO, WHETHER BY LEGISLATION OR REORGANIZATION PLAN.

On this question, taking the OMB staff recommendation section-by-section, I have the following comments:

OMB RECOMMENDS AGAINST INCLUSION AT THIS TIME.
I concur.

OMB RECOMMENDS THAT OMB UNDERTAKE A SIX-MONTH STUDY, INCLUDING EXTENSIVE CONSULTATIONS WITH INDIAN TRIBES AND ORGANIZATIONS.
I concur, with a further recommendation that the study be extended from six months to one year.

Comment: I recommend that the study be designed by OMB staff, utilizing one or two competent persons detailed from the BIA, with the study and consultative method prepared in conjunction with my office. The manner in which the Department implements the Education Amendments of 1978 (P.L. 95-561; 92 Stat. 2143, 2327) will be essential to the success of the study and to the Congressional reaction to Administration proposals

resulting from the study. The study should carefully consider the public (and particularly the Indian tribal) comments on the P.L. 95-561 regulations when analyzing the issue of Indian education program and operation organization, taking especial care not to interfere with the mandates of existing law and continuing oversight. (The attached schedule of our plan to promulgate final regulations implementing this Act was sent to the chairmen of the substantive House and Senate committees on 12/29/78.)

In addition to the mandates to organize Indian education programs within the Department of the Interior, P.L. 95-561 provides for a new line of authority over these programs. The director has recently been named for this position, with an elevated reporting position from that of previous BIA education programs and operations, and should be an integral part of the OMB study, as he implements P.L. 95-561.

Finally, a study of six months duration will not allow for the recommended extensive consultation with Indian tribes and organizations, given the population dispersal throughout the United States and the logistical problem of consulting with Indian tribes and individuals in Alaska, as well as the lower-48.

A study of one year would take into account these problems and considerations and, perhaps most importantly to the success of establishment legislation, would allow sufficient time to assess the Congressional reaction to the exclusion of the Indian education programs at this time.

THE STUDY TEAM WILL MAKE RECOMMENDATIONS ON WHETHER THE INDIAN EDUCATION PROGRAMS SHOULD BE TRANSFERRED BY LEGISLATION OR REORGANIZATION PLAN.

I concur, with the further recommendation that the study address the question of transfer, as well as the method.

Comment: The OMB recommendation presumes that the study (and the extensive consultation with Indian tribes and organizations) will result in a conclusion to transfer the Indian education programs from the Department of the Interior to the Department of Education. If the study intends only to assess the Indian peoples' ability to prevail in the 96th Congress, as they did in the 95th Congress, this point will not be missed in Indian country and the recognized problem with the experience of the 95th Congress will be compounded. If the study intends to exclude from its consideration the fact that 95% of the Indian tribes and organizations opposed the transfer during the last Congress, the Indian people will be less inclined to participate in the study and more inclined to turn their full attention to the Hill. If the study intends to solicit tribal and Indian organizational support for the transfer, it should not begin with an assumption of Indian acquiescence but with a presumption of the persuasive powers of OMB and the White House. A study of longer duration and a study whose goals and methodology are precisely and honestly stated will do more to produce the result OMB desires than will a quick massage and exercise in cosmetology.

Ernest J. Gerard

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Honorable Carl D. Perkins
Chairman, Committee on Education
and Labor
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

Section 1138 of the Education Amendments of 1978 (P.L. 95-561; 92 Stat. 2143, 2327) provides that "(r)egulations required to be adopted under sections 1126 through 1137 of this Act shall be deemed rules of general applicability prescribed for the administration of an applicable program for the purposes of section 431 of the General Education Provisions Act ***." In line with the provisions of subsection (2) of said section 431 (20 U.S.C. 1232), we are submitting to your Committee the following schedule of our plans "to promulgate final regulations implementing" sections 1126 through 1137 of the Education Amendments of 1978.

<u>Section</u>	<u>Publish for Comment by</u>	<u>Final publication by</u>
1126 & 1127	March 30, 1979	June 27, 1979
1128	March 30, 1979	June 27, 1979
1129	March 30, 1979	June 27, 1979
1130	March 30, 1979	June 27, 1979
1131	March 30, 1979	June 27, 1979
1132	March 30, 1979	June 27, 1979
1133	March 30, 1979	July 17, 1979
1134	March 30, 1979	June 27, 1979
1135	March 30, 1979	June 27, 1979
1136	No regulations required	
1137	March 30, 1979	June 27, 1979

Sincerely,

/s/ Rick Lavis

Deputy

Assistant Secretary--Indian Affairs

cc: Secretary's Bureau
Secretary's RF (2)
100A
500; 570

Identical letter to Chairman Harrison A. Williams, Jr.
Perkins ltr. to Minority Counsel, Educ. & Labor Com.,
Frank Duchoncaux and Mike Jackson

Bureau; 120 chron; mailroom; hold copy
120:RRReesor; 12/23/78



DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

Beardsley
Cavanaugh
French
Salomon
Belford
Fontana
Harcourt
Gwaltney

January 9, 1979

SUBJECT: Reorganization

TO: James T. McIntyre, Jr.
Director
Office of Management and Budget

I received this morning the draft memorandum for the President on the Administration's position on the Department of Education bill for this year. My response is directed to you because any such recommendations clearly should be coordinated and integrated with the Presidential decision memorandum on other proposals (natural resources, economic development, food and nutrition) scheduled to go to the President today or tomorrow.

I strongly contend that, for consistency with the memorandum on other proposals, no transfer of nutrition programs should be contemplated, and that I should not be placed in the position of receiving recommendations (from whatever level) that would recommend or even suggest transfer of nutrition programs from the Department of Agriculture. Further, I strongly recommend that this matter be settled in the memorandum on other reorganization proposals.

Specifically, I recommend that, on page 27 of the draft Memorandum for the President on "Reorganization 1979," the first decision item be changed to read: "(1) Designate USDA as the lead agency for nutrition policy, and retain and strengthen within USDA the child nutrition programs (including the Special Supplemental Food Program for Women, Infants, and Children; nutrition education activities; National School Lunch Program; School Breakfast Program; Special Milk Program; Child Care Food Program; Summer Food Service Program) and the nutrition research, surveillance and related programs and activities in the food and nutrition area."

As already indicated to you, I concur in the second decision item on page 27. I strongly recommend that both of these decision items (with the changes recommended here) be included in the Presidential decision memorandum.

Please call me if there are any questions.

BOB BERGLAND
Secretary



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE
WASHINGTON, D. C. 20201

JAN 11 1979

NOTE FOR HARRISON WELLFORD

If the final decision memorandum for the President on the Department of Education does not recommend against transferring the Rehabilitation Services Administration, I would ask that you include the attached memorandum in the package. My staff will be happy to confer with you further on this issue.


Joseph A. Califano, Jr.

Attachment